Department of Justice

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JUSTICE DEPARTMENT REACHES SETTLEMENT WITH NT MEDIA, LLC AND VILLAGE VOICE MEDIA, LLC ENDING ILLEGAL MARKET ALLOCATION AGREEMENT

Settlement Restores Competition in the Alternative News Weeklies Market to Benefit Consumers in Cleveland and Los Angeles

WASHINGTON, D.C. – The Department of Justice today announced a settlement with the nation's two leading publishers of alternative news weeklies – NT Media, LLC (New Times) and Village Voice Media, LLC (Village Voice Media) – requiring the companies to terminate their illegal market allocation agreement and to sell the assets of the alternative news weeklies that they agreed with one another to shut down in Cleveland and Los Angeles. The Department said that requiring the companies to sell these assets, as well as take other actions, is necessary to stop the companies from illegally allocating the markets for advertisers and readers in Cleveland and Los Angeles and to restore competition in those markets.

The Department's Antitrust Division filed a lawsuit today in the U.S. District Court for the Northern District of Ohio, challenging the agreement between New Times and Village Voice Media as a per se violation of Section 1 of the Sherman Act. At the same time, the Department filed a proposed consent decree that, if approved by the court, would resolve the lawsuit and the Department's competitive concerns.

"Rather than letting the marketplace decide the winner, these companies chose to corrupt the competitive process by swapping markets, thereby guaranteeing each other a monopoly and denying consumers in Los Angeles and Cleveland the continued benefits of competition," said R. Hewitt Pate, Acting Assistant Attorney General in charge of the Antitrust Division. "The Sherman Act clearly prohibits these types of allocation schemes between competitors."

Alternative news weekly publications provide an alternative perspective to the established news-gathering organizations. In the fall of 1955, Village Voice Media's predecessors launched the first alternative news weekly, *The Village Voice*, in New York City. Since then, the popularity of alternative news weeklies has increased dramatically, with more than 125 alternative news weeklies published today throughout the United States. Their popularity with readers continues to be driven largely by a unique editorial mix of politics, investigative reporting and entertainment issues, all with a local focus.

According to the complaint, prior to their unlawful agreement New Times and Village Voice Media were head-to-head competitors in publishing alternative news weeklies in Cleveland and Los Angeles. In October 2002, New Times agreed to shut down its Los Angeles news weekly, the *New Times Los Angeles*, if Village Voice Media closed its news weekly in Cleveland, the *Cleveland Free Times*. Thus, the companies "swapped" markets, leaving New Times with a monopoly in Cleveland and Village Voice Media with a monopoly in Los Angeles. This unlawful agreement eliminated the competition that had brought advertisers in both cities lower ad rates, more promotional opportunities, and better service, and benefitted readers with a higher quality product.

The proposed consent decree requires New Times and the Village Voice Media to, among other things, terminate their unlawful agreement, allow affected advertisers in Los Angeles and Cleveland to terminate their contracts, and divest the assets of the *New Times Los Angeles* and the *Cleveland Free Times* to new entrants in those markets. The proposed consent decree also prohibits the companies from entering into any market or customer allocation agreements in the future.

Village Voice Media, the nation's second largest chain, has a weekly circulation of more than 800,000 for its alternative news weeklies in New York City, Minneapolis-St. Paul, Seattle, Nashville, Los Angeles, and Orange County, California. Until its sudden closing on October 2, 2002, Village Voice Media's *Cleveland Free Times* was Ohio's largest alternative news weekly.

New Times, the leading chain, distributes each week more than 1.1 million copies of its various alternative news weeklies in Phoenix, Cleveland, San Francisco, Oakland-Berkeley, Palm Beach-Broward County, Miami, Denver, St. Louis, Kansas City, Dallas, and Houston.

Also filing civil antitrust actions and parallel settlements today are the States of California and Ohio, which worked closely with the Department throughout the investigation.

As required by the Tunney Act, the proposed consent decree, along with the Department's competitive impact statement, will be published in the *Federal Register*. Any person may submit written comments concerning the proposed decree during a 60-day comment period to James R. Wade, Chief, Litigation III, Antitrust Division, U.S. Department of Justice, 325 Seventh Street, N.W., Suite 300, Washington, D.C. 20530-0001. At the conclusion of the 60-day comment period, the court may enter the consent decree upon a finding that it serves the public interest.

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